

July 2024

Regional Tourism Development Loan Scheme

Guidelines



Contents

About the scheme	1
1. What loan funds can be used for	1
2. Eligibility	1
3. How to apply	2
4. Opening and closing dates	3
5. Ineligibility	3
6. Loan amounts	3
7. Loan term	4
8. Interest rates.....	4
9. Principal repayments	4
10. Costs	4
11. Loan security	4
12. How loans are assessed.....	4
13. Information and other requirements	5
14. Decision making	5
15. Loan drawdowns.....	5
16. Financial reporting and review	5
17. Other information	5
18. Publicity of loan assistance	6
19. Right to information.....	6
20. Personal information protection	6
21. Disclosure.....	6
22. Copyright and disclaimer	6
23. Questions and further information	7

About the scheme

In March 2024, the Tasmanian Government announced that if re-elected, it would introduce a new \$50 million low interest loan scheme to promote investment in new projects that would stimulate regional tourism.

This loan scheme is now open for applications.

The scheme provides loans of between \$100,000 and \$3 million to successful applicants to assist with the development of new or improved tourism products and experiences in regional Tasmania.

The scheme aligns closely with the principles and priorities for growth set out in the 2030 Visitor Economy Strategy, a strategy developed after significant industry consultation, to provide a collective longer-term vision for Tasmania's visitor economy. Applicants must address how their project aligns to priorities of the strategy such as authenticity, sustainability, inclusivity and accessibility.

Loans will be at a highly concessional rate for the first three years, before converting to a commercial rate for the remaining term of up to two years.

Loans under this scheme need to be secured by freehold property up to a maximum Loan to Value Ratio (LVR) of 80 per cent.

1. What loan funds can be used for

1.1 Loan funds will be available to assist with the **improvement and development** of:

- visitor accommodation
- visitor experiences
- visitor attractions
- hospitality venues
- facilities that will attract events to Tasmania
- worker accommodation by tourism and/or hospitality operators.

For the purposes of this scheme, 'visitors' are defined to include intrastate (Tasmanians), interstate and international visitors.

2. Eligibility

Business eligibility

2.2. To be eligible for a loan, your business must:

- a) Hold an active Australian Business Number (ABN) and be registered for Goods and Services Tax (GST).

Project eligibility

2.3. To be eligible for a loan, you must clearly demonstrate:

- a) That your project promotes growth in regional tourism and encourages regional dispersal outside Hobart CBD (generally projects more than 15kms from Hobart will be eligible).

- b) That your project is a quality offering aligning with the Tasmanian brand, supported by market demand and a strong business case, supporting an ability to service the loan.
- c) That key people within the business have the skills and experience necessary to manage the proposed operation.
- d) That the proposed product or service will create jobs and how the business intends to attract and sustain the workforce it requires.
- e) That project planning (for example plans, approvals, building quotes/contracts) is well progressed to support commencement of construction within 9 months of application (note - this program is open for two years and as such you are encouraged to apply once your project is well progressed).
- f) How the planned expenditure will prioritise Tasmanian procurement of goods and services to the maximum extent possible.
- g) A satisfactory ability to manage project contingencies and cost overruns.
- h) That the loan sought from the Tasmanian Government under this scheme is required and that the project cannot be funded on commercial terms through normal banking channels.
- i) That your project is supported by your Regional Tourism Organisation (RTO), demonstrated through provision of an attached letter of support (refer <https://www.tourismtasmania.com.au/industry/regional-tourism/> for contact details of your local RTO).

2030 Visitor Economy Strategy eligibility

- 2.4. Your project will also be assessed against how it supports the following priorities of the government's 2030 Visitor Economy Strategy (noting that there may be instances where all these priorities won't be relevant to the specific project):
- a) ***Stimulates growth in regional tourism*** – encouraging visitors to stay longer and spend more.
 - b) ***Stimulates year-round regional visitation*** – encouraging visitation and spend year-round.
 - c) ***Creates an authentic Tasmanian experience*** – leverages Tasmania's advantages and strengths, reflects evolving visitor preferences, aligns with Tasmania's brand and community expectations.
 - d) ***Supports environmental sustainability*** – for example through the selection of construction materials or investment in energy efficient initiatives.
 - e) ***Inclusive and accessible for travellers*** – recognising growing market demand for accessible travel.

3. How to apply

3.1 To apply for a loan:

- Read these guidelines and consider the eligibility criteria and exclusions.
- Discuss your lending requirements with your bank to determine if your bank can fund the project.
- Discuss your proposal, and the suitability of this scheme, with your financial or business advisors.
- Email the Department of State Growth (Department) on rtdls@stategrowth.tas.gov.au and provide a brief overview of your project – a staff member will then give you a call.

- To apply, the Department will provide a link to Smarty Grants. SmartyGrants is an easy to use online loan and grant management system that can be accessed via mobile phone, tablet, or computer. Applicants will be required to answer various questions and provide financial information (refer 13. Information and other requirements).

4. Opening and closing dates

4.1 The Scheme will open at 1pm on 10 July 2024.

4.2 The scheme will close at 2pm on 30 June 2026 or when all funding has been utilised, whichever occurs first.

4.3 The Department reserves the right to close the scheme at any time. In this situation, a notice of the loan scheme closure will be published on the Department's website www.stategrowth.tas.gov.au.

4.4 Applications will not be accepted after the closing time and date.

5. Ineligibility

5.1 The following businesses are ineligible:

- Any public company under the meaning as defined in the *Corporations Act 2001*. Not for profit public companies are eligible.
- Any state, federal or local government body, government agency or government business enterprise.
- Businesses that have, or are projecting, an annual turnover of less than \$75,000.
- Any applicant that is under external administration or subject to bankruptcy or similar proceedings.
- Applicants with unsatisfactory statutory payment and lodgement obligations including taxation and superannuation.
- Third party submissions on behalf of a business owner.

5.2 The following uses are ineligible:

- Equipment purchases that are able be financed commercially through banks or equipment financiers including, but not limited to, new vehicles, machinery and vessels.
- Purchase or development of land and buildings or equipment for speculative sales purposes.
- Business acquisitions.
- The funding of projects that have already commenced.
- Applications that are eligible for consideration under the AgriGrowth Loan Scheme.
- Refinancing/repayment of existing debt, creditors or other statutory or legal payment obligations.
- Pre-feasibility studies.
- Activities for which funding has been approved from the Australian and/or Tasmanian Governments.

6. Loan amounts

6.1 The minimum loan amount \$100,000 and the maximum loan amount is \$3 million.

7. Loan term

- 7.1 The loan term will be up to five years.

8. Interest rates

- 8.1 A variable interest rate will apply for the term of the loan.
- 8.2 The variable interest rate will be reviewed on a regular basis. Borrowers will be notified when changes take effect.
- 8.3 The interest rate will be based on Tasmania Development and Resources (TDR) cost of funds less 1.33% for the first three years of the loan. After three years, TDR's full commercial rate will apply.
- 8.4 The loan will revert to a full commercial rate if loan terms and conditions are not adhered to.

9. Principal repayments

- 9.1 Principal repayments will be negotiated in accordance with the cash flow and will commence no later than 12 months after the initial drawdown of the loan unless otherwise agreed.
- 9.2 Interest and principal repayments will be monthly, unless otherwise agreed.

10. Costs

- 10.1 A concessional loan establishment fee of \$500 or 0.1 per cent of the loan amount will apply, whichever is the greatest.
- 10.2 Successful applicants will be responsible for fees and costs associated with establishing, maintaining and discharging the facility.

11. Loan security

- 11.1 Loan security must be to the satisfaction of TDR.
- 11.2 Loan security must include freehold security up to a maximum LVR of 80 per cent.
- 11.3 For company borrowers, Directors Guarantees will be required.
- 11.4 Other security requirements may include General Security Deeds and any other security particular to the request.
- 11.5 A registered valuation may be required (at applicant's expense).

12. How loans are assessed

- 12.1 Applicants will receive an acknowledgement email once the application has been submitted.
- 12.2 Applicants may be contacted by a member of the Department to discuss their application in more depth or to provide further information.
- 12.3 The Department may need to liaise with an applicant's lenders and business advisers.
- 12.4 Assessment will be undertaken by the Department in accordance with these guidelines on behalf of TDR.
- 12.5 Applications will generally be assessed in order of receipt.

- 12.6 Assessment will not commence until all required information is received.
- 12.7 The funding available for this program is limited to \$50 million. When funding is exhausted, no further loans will be approved.
- 12.8 Meeting the eligibility criteria and applying for a loan does not guarantee loan approval.

13. Information and other requirements

- 13.1 As part of the application process, applicants will be asked to supply financial and other information which may include, but is not limited to, personal identification, a business plan, financial statements, tax returns, budgets, bank statements, ATO tax portals, trust deeds (if applicable), statements of position, insurance details/certificate of currency and valuations.
- 13.2 Additional requirements will apply for large construction loans.

14. Decision making

- 14.1 TDR will be solely responsible for making decisions about successful applicants and application considerations in accordance with these guidelines, its usual processes and the Tasmanian Development Act 1983.

15. Loan drawdowns

- 15.1 If approved, loan funds will be remitted to your nominated bank account once loan documentation has been signed and relevant loan conditions met. Progressive drawdowns may be required.
- 15.2 Invoices and other documentation may be required to support the drawdown of funds.
- 15.3 Approved loans will have a Commitment Period, being the period in which funds must be drawn down for the approved purpose. A suitable Commitment Period will be negotiated during the loan assessment.

16. Financial reporting and review

- 16.1 Financial reporting will be required during the term of the loan as detailed in the loan agreement.
- 16.2 Loan reviews will take place annually, or at other intervals required by the Department on behalf of TDR.

17. Other information

- 17.1 Businesses under common ownership or control will collectively be eligible for the maximum loan amount. This includes all loans funded through TDR. Businesses with existing TDR loans should contact rtdls@stategrowth.tas.gov.au in the first instance.
- 17.2 The Department reserves the right at any time to vary these guidelines, the eligibility criteria or any other documented rule or procedure relating to the scheme. Applications outside the parameters of this scheme may be considered by exception on a case-by-case basis.
- 17.3 Providing false and misleading information may result in the loan being repayable on demand.

18. Publicity of loan assistance

The Department disburses public funds and is therefore accountable for the distribution of those funds. As part of the accountability process the Department may publicise the level of financial assistance, the identity of the recipient, the purpose of the financial assistance, and any other details considered by the Department to be appropriate.

The Department and government may also request that successful applicants participate in the promotion of the project, current scheme and potential future schemes.

19. Right to information

Information provided to the Department may be subject to disclosure in accordance with the *Right to Information Act 2009*.

20. Personal information protection

Personal information collected by the Department in connection with your application will be used for the purpose of assessing your loan application, communicating with you about it, and managing your loan if you are successful. All such information will be managed by the Department in accordance with the *Personal Information Protection Act 2004*. You may access your own personal information on request to the Department and may be charged a fee for this service.

21. Disclosure

The following applies to all successful applicants:

Despite any confidentiality or intellectual property right subsisting in the loan agreement or deed, a party may publish all or any part of the loan funding agreement or deed without reference to another party. Nothing in this item, 20. Disclosure, derogates from a party's obligations under the *Personal Information Protection Act 2004 (Tas)* or the *Privacy Act 1988 (Cwlth)*.

22. Copyright and disclaimer

Although care has been taken in the preparation of this document, no warranty, express or implied, is given by the Crown in Right of Tasmania, as to the accuracy or completeness of the information it contains. The Crown in Right of Tasmania accepts no responsibility for any loss or damage that may arise from anything contained in or omitted from, or that may arise from, the use of this document, and any person relying on this document and the information it contains does so at their own risk absolutely. The Crown in Right of Tasmania does not accept liability or responsibility for any loss incurred by an applicant that are in any way related to the Scheme. Prospective applicants are

strongly advised to seek independent professional advice regarding the suitability of the program for their circumstances before proceeding with an application.

23. Questions and further information

Please contact the Department on rtdls@stategrowth.tas.gov.au.

© State of Tasmania 2024



Department of State Growth

4 Salamanca Place
Hobart TAS 7001 Australia

Phone: 1800 440 026

Email: rtdls@stategrowth.tas.gov.au

Web: www.stategrowth.tas.gov.au